

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-54642; File No. SR-CHX-2006-30)

October 23, 2006

Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing of Proposed Rule Change to Permit Routing from the Matching System to a Destination Selected by a Participant

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on October 19, 2006, the Chicago Stock Exchange, Inc. (“CHX” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the CHX. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The CHX proposes to amend its rules to permit its participants to identify a destination to which an order should be routed when its execution would improperly trade through other markets or its display would improperly lock or cross other markets. The text of the proposed rule change appears below. Additions are underlined; deletions are [bracketed].

RULES OF CHICAGO STOCK EXCHANGE, INC.

ARTICLE 20

Prevention of Trade-throughs

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¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

destination or, if designated as “do not route,” automatically cancelled. Routing to other destinations (“Routing Services”) shall occur as follows:

a. Cross with satisfy/outbound ISO. If a Participant has submitted a cross with satisfy or an outbound ISO and its execution would cause an improper trade-through, the Matching System shall execute that order and simultaneously route orders or commitments necessary to satisfy the bids or offers of other markets [(the “Routing Services”)]. The Exchange’s systems will determine when, how and where these orders (or commitments) should be routed. These orders will be routed, at the Participant’s election, either through the NMS Linkage System (or any later linkage that supersedes the NMS Linkage System) or through the connectivity provided by a routing services provider with whom the Exchange has negotiated an access agreement.

b. All other situations. In all other situations, if the execution of all or a part of an inbound round lot order would cause a trade-through, and the Participant has not identified the order as “do not route,” the Matching System shall route the order to another venue, according to each Participant’s instructions. The Participant will be responsible for ensuring that it has a relationship with its chosen destination to permit the requested access. The Exchange shall not have responsibility for the handling of the order by the other destination, but will report any execution or cancellation of the order by the other destination to the Participant that submitted the order and will notify the other venue of any cancellations or changes to the order submitted by the order-sending Participant.

c [a]. The Exchange will provide its Routing Services pursuant to the terms of three separate agreements, to the extent that they are applicable to a specific routing decision: (1) an agreement between the Exchange and each Participant on whose behalf orders will be routed (“Participant-

